

Message Text

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15

ACTION EB-11

INFO OCT-01 EA-11 ISO-00 CAB-09 CIAE-00 COME-00 DODE-00

INR-10 NSAE-00 RSC-01 FAA-00 PA-04 USIA-15 PRS-01

SPC-03 TRSE-00 OMB-01 L-03 SCEM-02 DRC-01 /073 W
----- 099188

R 270920Z DEC 73

FM AMEMBASSY MANILA
TO SECSTATE WASHDC 0030

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E.O. 11652: N/A

TAGS: ETRN, RP

SUBJECT: CIVAIR: INTEGRATION OF THREE PHILIPPINE
CARRIERS ORDERED

1. PRESIDENTIAL LETTER OF INSTRUCTION DEC. 22, WIDELY
PUBLICIZED IN PRESS, ORDERS IMPLEMENTATION OF MERGER PLAN
CALLING FOR PHILIPPINE AIRLINES TO BE SOLE FLAG CARRIER
OF PHILIPPINES BEGINNING JAN 2, 1974 AND FOR
BOTH AIR MANILA AND FILIPINAS ORIENT AIRWAYS TO CEASE
INDEPENDENT OPERATIONS BY DEC. 31. GOVERNMENT-OWNED
NATIONAL INVESTMENT AND DEVELOPMENT CORP, TO WHICH ALL
THREE CARRIERS ARE HEAVILY INDEBTED, ORDERED TO
FORECLOSE MORTGAGES AND PLEDGES OF TWO SMALLER AIRLINES AND
TURN ASSETS OVER TO PAL. PAL ALSO DIRECTED TO ABSORB
AS MANY EMPLOYEES OF OTHER AIRLINES AS POSSIBLE. TO
ASSUME NEW OBLIGATIONS, PAL HAS ANNOUNCED INTENTION
TO INCREASE CAPITALIZATION FROM P 25 MILLION TO
100 MILLION.

2. IN ACCORDANCE WITH DIRECTIVE, AIR MANILA AND
FILIPINAS ARE ACCEPTING BOOKINGS ONLY THROUGH DEC. 31.
PAL HAS SUBMITTED INTEGRATED DOMESTIC SCHEDULE
EFFECTIVE JAN 2 WHICH CAB EXPECTED ENDORSE BY DEC. 28.
SCHEDULE REFLECTS NEED TO ECONOMIZE FUEL AND INCLUDES
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SOME AIRCRAFT TO BE TAKEN FROM OTHER CARRIERS.

3. DRASTIC NATURE OF ORDER AND CLOSE DEADLINE HAS
CAUSED CONFUSION AND UNCERTAINTY WITHIN TWO SMALL
AIRLINES. AIR MANILA EXECUTIVE BELIEVES ADMINISTRATIVE
AND TECHNICAL COMPLEXITIES OF FORCED MERGER CANNOT BE
RESOLVED IN TIME AND EXPECTS AN INTERIM ARRANGEMENT
TO EXTEND DEADLINE. HOWEVER, GOP OFFICIALS STATE
THAT PRESIDENT IS DETERMINED TO CARRY OUT OFT-POSTPONED
INTEGRATION PLAN WITHOUT FURTHER DELAY IN ORDER PUT
PHIL AVIATION INDUSTRY ON SOUND FINANCIAL AND OPERATIONAL
BASIS. WHETHER PAL WILL UNDERGO SIGNIFICANT OWNERSHIP
AND OPERATIONAL CHANGE IS NOT YET CLEAR.

SULLIVAN

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIR TRANSPORTATION, BUSINESS MERGERS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 DEC 1973
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973MANILA14310
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: MANILA
Handling Restrictions: n/a
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Review Comment: n/a
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Review Exemptions: n/a
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US Department of State
EO Systematic Review
30 JUN 2005

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